

SENATE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2357

AN ACT

To repeal sections 56.809, 70.605, 104.190, 104.480, 169.020, 169.270, 169.280, 169.301, 169.324, and 169.328, RSMo, and to enact in lieu thereof twenty new sections relating to public retirement plans.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

1 Section A. Sections 56.809, 70.605, 104.190, 104.480,
2 169.020, 169.270, 169.280, 169.301, 169.324, and 169.328, RSMo,
3 are repealed and twenty new sections enacted in lieu thereof, to
4 be known as sections 29.212, 56.809, 70.605, 104.190, 104.480,
5 104.1091, 104.1500, 104.1502, 104.1504, 104.1506, 105.676,
6 169.020, 169.270, 169.280, 169.301, 169.324, 169.328, 476.521,
7 476.527, and 476.529, to read as follows:

8 29.212. Any retirement system established by the state of
9 Missouri or any political subdivision or instrumentality of the
10 state for the purpose of providing retirement plan benefits for
11 elected or appointed public officials or employees of the state
12 of Missouri or any political subdivision of the state may be
13 audited by the state auditor every three years, or more
14 frequently as otherwise required by law.

15 56.809. 1. The general administration and the
16 responsibility for the proper operation of the fund are vested in

1 a board of trustees of five persons. Trustees shall be elected
2 by a secret ballot vote of the prosecuting attorneys and circuit
3 attorneys of this state. Trustees shall be chosen for terms of
4 four years from the first day of January next following their
5 election except that the members of the first board shall be
6 appointed by the governor by and with the consent of the senate
7 after notification in writing, respectively, by the prosecuting
8 attorneys and circuit attorneys of eighty percent of the counties
9 in the state, including a city not within a county, that the
10 prosecuting attorney or circuit attorney has elected to come
11 under the provisions of sections 56.800 to 56.840. It shall be
12 the responsibility of the initial board to establish procedures
13 for the conduct of future elections of trustees and such
14 procedures shall be approved by a majority vote by secret ballot
15 of the prosecuting attorneys and circuit attorneys in this state.
16 The board shall have all powers and duties that are necessary and
17 proper to enable it, its officers, employees and agents to fully
18 and effectively carry out all the purposes of sections 56.800 to
19 56.840.

20 2. The board of trustees shall elect one of their number as
21 chairman and one of their number as vice chairman and may employ
22 an administrator who shall serve as executive secretary to the
23 board. The Missouri office of prosecution services, sections
24 56.750 to 56.775, may, in the discretion of the board of
25 trustees, act as administrative employees to carry out all of the
26 purposes of sections 56.800 to 56.840. In addition, the board of
27 trustees may appoint such other employees as may be required.
28 The board shall hold regular meetings at least once each quarter.

1 Other meetings may be called as necessary by the chairman or by
2 any three members of the board. Notice of such meetings shall be
3 given in accordance with chapter 610, RSMo.

4 3. The board of trustees shall appoint an actuary or firm
5 of actuaries as technical advisor to the board of trustees.

6 4. The board of trustees shall retain investment advisors
7 to be investment advisors to the board.

8 5. The board of trustees may retain legal counsel to advise
9 the board and represent the system in legal proceedings.

10 6. The board shall arrange for annual audits of the records
11 and accounts of the system by a certified public accountant or by
12 a firm of certified public accountants. The state auditor [shall
13 examine such audits at least] may audit the system once every
14 three years and report to the board of trustees and to the
15 governor.

16 7. The board of trustees shall serve without compensation
17 for their services as such; except that each trustee shall be
18 paid from the system's funds for any necessary expenses incurred
19 in the performance of duties authorized by the board.

20 8. The board of trustees shall be authorized to appropriate
21 funds from the system for administrative costs in the operation
22 of the system.

23 9. The board of trustees shall, from time to time, after
24 receiving the advice of its actuary, adopt such mortality and
25 other tables of experience, and a rate or rates of regular
26 interest, as shall be necessary for the actuarial requirements of
27 the system, and shall require its executive secretary to keep in
28 convenient form such data as shall be necessary for actuarial

1 investigations of the experience of the system, and such data as
2 shall be necessary for the annual actuarial valuations of the
3 system.

4 10. The board of trustees shall, after reasonable notice to
5 all interested parties, hear and decide questions arising from
6 the administration of sections 56.800 to ~~56.835~~ 56.840; except
7 that within thirty days after a decision or order, any member,
8 retirant, beneficiary or political subdivision adversely affected
9 by that determination or order may make an appeal under the
10 provisions of chapter 536, RSMo.

11 11. The board of trustees shall arrange for adequate surety
12 bonds covering the executive secretary and any other custodian of
13 funds or investments of the board. When approved by the board,
14 such bonds shall be deposited in the office of the Missouri
15 secretary of state.

16 12. Subject to the limitations of sections 56.800 to
17 ~~56.835~~ 56.840, the board of trustees shall formulate and adopt
18 rules and regulations for the government of its own proceedings
19 and for the administration of the retirement system.

20 13. The board of trustees shall be the trustees of the
21 funds of the system. Subject to the provisions of any applicable
22 federal or state laws, the board of trustees shall have full
23 power to invest and reinvest the moneys of the system, and to
24 hold, purchase, sell, assign, transfer or dispose of any of the
25 securities and investments in which such moneys shall have been
26 invested, as well as the proceeds of such investments and such
27 moneys.

28 14. Notwithstanding any other provision of the law to the

1 contrary, the board of trustees may delegate to its duly
2 appointed investment advisors authority to act in place of the
3 board of trustees in the investment and reinvestment of all or
4 part of the moneys of the system, and may also delegate to such
5 advisors the authority to act in place of the board of trustees
6 in the holding, purchasing, selling, assigning, transferring or
7 disposing of any or all of the securities and investments in
8 which such moneys shall have been invested, as well as the
9 proceeds of such investments and such moneys. Such investment
10 counselor shall be registered as an investment advisor with the
11 United States Securities and Exchange Commission. In exercising
12 or delegating its investment powers and authority, members of the
13 board of trustees shall exercise ordinary business care and
14 prudence under the facts and circumstances prevailing at the time
15 of the action or decision. In so doing, the board of trustees
16 shall consider the long-term and short-term needs of the system
17 in carrying out its purposes, the system's present and
18 anticipated financial requirements, the expected total return on
19 the system's investment, the general economic conditions, income,
20 growth, long-term net appreciation, and probable safety of funds.
21 No member of the board of trustees shall be liable for any action
22 taken or omitted with respect to the exercise of or delegation of
23 these powers and authority if such member shall have discharged
24 the duties of his or her position in good faith and with that
25 degree of diligence, care and skill which prudent men and women
26 would ordinarily exercise under similar circumstances in a like
27 position.

28 15. The board shall keep a record of its proceedings which

1 shall be open to public inspection. It shall annually prepare a
2 report showing the financial condition of the system. The report
3 shall contain, but not be limited to, an auditor's opinion,
4 financial statements prepared in accordance with generally
5 accepted accounting principles, an actuary's certification along
6 with actuarial assumptions and financial solvency tests.

7 70.605. 1. For the purpose of providing for the retirement
8 or pensioning of the officers and employees and the widows and
9 children of deceased officers and employees of any political
10 subdivision of the state, there is hereby created and established
11 a retirement system which shall be a body corporate, which shall
12 be under the management of a board of trustees herein described,
13 and shall be known as the "Missouri Local Government Employees'
14 Retirement System". Such system may sue and be sued, transact
15 business, invest funds, and hold cash, securities, and other
16 property. All suits or proceedings directly or indirectly
17 against the system shall be brought in Cole County. The system
18 shall begin operations on the first day of the calendar month
19 next following sixty days after the date the board of trustees
20 has received certification from ten political subdivisions that
21 they have elected to become employers.

22 2. The general administration and the responsibility for
23 the proper operation of the system is vested in a board of
24 trustees of seven persons: three persons to be elected as
25 trustees by the members of the system; three persons to be
26 elected trustees by the governing bodies of employers; and one
27 person, to be appointed by the governor, who is not a member,
28 retirant, or beneficiary of the system and who is not a member of

1 the governing body of any political subdivision.

2 3. Trustees shall be chosen for terms of four years from
3 the first day of January next following their election or
4 appointment, except that of the first board shall all be
5 appointed by the governor by and with the consent of the senate,
6 as follows:

7 (1) Three persons who are officers or officials of
8 political subdivisions, one for a term of three years, one for a
9 term of two years, and one for a term of one year; and

10 (2) Three persons who are employees of political
11 subdivisions and who would, if the subdivision by which they are
12 employed becomes an employer, be eligible as members, one for a
13 term of three years, one for a term of two years, and one for a
14 term of one year; and

15 (3) That person appointed by the governor under the
16 provisions of subsection 2 of this section. All the members of
17 the first board shall take office as soon as appointed by the
18 governor, but their terms shall be computed from the first day of
19 January next following their appointment, and only one member may
20 be from any political subdivision or be a policeman or fireman.

21 4. Successor trustees elected or appointed as member
22 trustees shall be members of the retirement system; provided,
23 that not more than one member trustee shall be employed by any
24 one employer, and not more than one member trustee shall be a
25 policeman, and not more than one member trustee shall be a
26 fireman.

27 5. Successor trustees elected as employer trustees shall be
28 elected or appointed officials of employers and shall not be

1 members of the retirement system; provided, that not more than
2 one employer trustee shall be from any one employer.

3 6. An annual meeting of the retirement system shall be
4 called by the board in the last calendar quarter of each year in
5 Jefferson City, or at such place as the board shall determine,
6 for the purpose of electing trustees and to transact such other
7 business as may be required for the proper operation of the
8 system. Notice of such meeting shall be sent by registered mail
9 to the clerk or secretary of each employer not less than thirty
10 days prior to the date of such meeting. The governing body of
11 each employer shall certify to the board the name of one delegate
12 who shall be an officer of the employer, and the members of the
13 employer shall certify to the board a member of the employer to
14 represent such employer at such meeting. The delegate certified
15 as member delegate shall be elected by secret ballot by the
16 members of such employer, and the clerk or secretary of each
17 employer shall be charged with the duty of conducting such
18 election in a manner which will permit each member to vote in
19 such election. Under such rules and regulations as the board
20 shall adopt, approved by the delegates, the member delegates
21 shall elect a member trustee for each such position on the board
22 to be filled, and the officer delegates shall elect an employer
23 trustee for each such position on the board to be filled.

24 7. In the event any member trustee ceases to be a member of
25 the retirement system, or any employer trustee ceases to be an
26 appointed or elected official of an employer, or becomes a member
27 of the retirement system, or if the trustee appointed by the
28 governor becomes a member of the retirement system or an elected

1 or appointed official of a political subdivision, or if any
2 trustee fails to attend three consecutive meetings of the board,
3 unless in each case excused for cause by the remaining trustees
4 attending such meeting or meetings, he or she shall be considered
5 as having resigned from the board and the board shall, by
6 resolution, declare his or her office of trustee vacated. If a
7 vacancy occurs in the office of trustee, the vacancy shall be
8 filled for the unexpired term in the same manner as the office
9 was previously filled; provided, however, that the remaining
10 trustees may fill employer and member trustee vacancies on the
11 board until the next annual meeting.

12 8. Each trustee shall be commissioned by the governor, and
13 before entering upon the duties of his office, shall take and
14 subscribe to an oath or affirmation to support the Constitution
15 of the United States, and of the state of Missouri, and to demean
16 himself faithfully in his or her office. Such oath as subscribed
17 to shall be filed in the office of the secretary of state of this
18 state.

19 9. Each trustee shall be entitled to one vote in the board
20 of trustees. Four votes shall be necessary for a decision by the
21 trustees at any meeting of the board of trustees. Four trustees,
22 of whom at least two shall be member trustees and at least two
23 shall be employer trustees, shall constitute a quorum at any
24 meeting of the board. Unless otherwise expressly provided
25 herein, a meeting need not be called or held to make any decision
26 on a matter before the board. Each member must be sent by the
27 executive secretary a copy of the matter to be decided with full
28 information from the files of the board. The concurring

1 decisions of four trustees may decide the issue by signing a
2 document declaring their decision and sending the written
3 instrument to the executive secretary, provided that no other
4 trustee shall send a dissenting decision to the executive
5 secretary within fifteen days after the document and information
6 was mailed to him or her. If any trustee is not in agreement
7 with the four trustees, the matter is to be passed on at a
8 regular board meeting or a special meeting called for that
9 purpose. The board shall hold regular meetings at least once
10 each quarter, the dates of these meetings to be designated in the
11 rules and regulations adopted by the board. Other meetings as
12 deemed necessary may be called by the chairman or by any four
13 trustees acting jointly.

14 10. The board of trustees shall elect one of their number
15 as chairman, and one of their number as vice chairman, and shall
16 employ an executive secretary, not one of their number, who shall
17 be the executive officer of the board. Other employees of the
18 board shall be chosen only upon the recommendation of the
19 executive secretary.

20 11. The board shall appoint an actuary or a firm of
21 actuaries as technical advisor to the board on matters regarding
22 the operation of the system on an actuarial basis. The actuary
23 or actuaries shall perform such duties as are required of him or
24 her under sections 70.600 to 70.755, and as are from time to time
25 required by the board.

26 12. The board may appoint an attorney-at-law or firm of
27 attorneys-at-law to be the legal advisor of the board and to
28 represent the board in all legal proceedings.

1 13. The board may appoint an investment counselor to be the
2 investment advisor of the board.

3 14. The board shall from time to time, after receiving the
4 advice of its actuary, adopt such mortality and other tables of
5 experience, and a rate or rates of regular interest, as shall be
6 necessary for the actuarial requirements of the system, and shall
7 require its executive secretary to keep in convenient form such
8 data as shall be necessary for actuarial investigations of the
9 experience of the system, and such data as shall be necessary for
10 the annual actuarial valuations of the system.

11 15. The board shall keep a record of its proceedings, which
12 shall be open to public inspection. It shall prepare annually
13 and render to each employer a report showing the financial
14 condition of the system as of the preceding June thirtieth. The
15 report shall contain, but shall not be limited to, a financial
16 balance sheet; a statement of income and disbursements; a
17 detailed statement of investments acquired and disposed of during
18 the year, together with a detailed statement of the annual rates
19 of investment income from all assets and from each type of
20 investment; an actuarial balance sheet prepared by means of the
21 last valuation of the system, and such other data as the board
22 shall deem necessary or desirable for a proper understanding of
23 the condition of the system.

24 16. The board of trustees shall, after reasonable notice to
25 all interested parties, conduct administrative hearings to hear
26 and decide questions arising from the administration of sections
27 70.600 to 70.755; except, that such hearings may be conducted by
28 a hearing officer who shall be appointed by the board. The

1 hearing officer shall preside at the hearing and hear all
2 evidence and rule on the admissibility of evidence. The hearing
3 officer shall make recommended findings of fact and may make
4 recommended conclusions of law to the board. All final orders or
5 determinations or other final actions by the board shall be
6 approved in writing by at least four members of the board. Any
7 board member approving in writing any final order, determination
8 or other final action, who did not attend the hearing, shall do
9 so only after certifying that he or she reviewed all exhibits and
10 read the entire transcript of the hearing. Within thirty days
11 after a decision or order or final action of the board, any
12 member, retirant, beneficiary or political subdivision adversely
13 affected by that determination or order or final action may take
14 an appeal under the provisions of chapter 536, RSMo.

15 Jurisdiction over any dispute regarding the interpretation of
16 sections 70.600 to 70.755 and the determinations required
17 thereunder shall lie in the circuit court of Cole County.

18 17. The board shall arrange for adequate surety bonds
19 covering the executive secretary and any other custodian of the
20 funds or investments of the board. When approved by the board,
21 said bonds shall be deposited in the office of the secretary of
22 state.

23 18. The board shall arrange for annual audits of the
24 records and accounts of the system by a certified public
25 accountant or by a firm of certified public accountants. The
26 state auditor [shall examine such audits at least] may audit the
27 system once every three years and report to the board and the
28 governor.

1 19. The headquarters of the retirement system shall be in
2 Jefferson City.

3 20. The board of trustees shall serve as trustees without
4 compensation for their services as such; except that each trustee
5 shall be paid for any necessary expenses incurred in attending
6 meetings of the board or in the performance of other duties
7 authorized by the board.

8 21. Subject to the limitations of sections 70.600 to
9 70.755, the board shall formulate and adopt rules and regulations
10 for the government of its own proceedings and for the
11 administration of the retirement system.

12 104.190. 1. The board shall keep a complete record of all
13 its proceedings, which shall be open at all reasonable hours to
14 the inspection of any member. A statement covering the
15 operations of the system for the year, including income and
16 disbursements, and the financial condition of the system at the
17 end of the year, showing the actuarial valuation and appraisal of
18 its assets and liabilities, as of July first, shall each year be
19 delivered to the governor of Missouri and be made readily
20 available to the members.

21 2. A system of member employment records necessary for the
22 calculation of retirement benefits shall be kept separate and
23 apart from the customary employee employment records.

24 3. The principal office of the system shall be located in
25 Jefferson City. The system shall have a seal bearing the
26 inscription "Transportation Department Employees' and Highway
27 Patrol Retirement System", which shall be in the custody of its
28 executive director. The courts of this state shall take judicial

1 notice of the seal; and all copies of records, books, and written
2 instruments which are kept in the office of the system and are
3 certified by the executive director under said seal shall be
4 proved or admitted in any court or proceeding as provided by
5 section 109.130, RSMo.

6 4. The board shall arrange for annual audits of the records
7 and accounts of the system by a certified public accountant or by
8 a firm of certified public accountants. The state auditor [shall
9 examine such audits at least] may audit the system once every
10 three years and report to the board and the governor.

11 104.480. 1. The board shall keep a complete record of all
12 its proceedings, which shall be open at all reasonable hours to
13 the inspection of any member.

14 2. A statement covering the operations of the system for
15 the year, including income and disbursements, and of the
16 financial condition of the system at the end of the year, showing
17 the actuarial valuation and appraisal of its assets and
18 liabilities, as of July first, shall each year be delivered to
19 the governor of Missouri and be made readily available to the
20 members.

21 3. The principal office of the system shall be in Jefferson
22 City. The system shall have a seal bearing the inscription
23 "Missouri State Employees' Retirement System", which shall be in
24 the custody of its director. The courts of this state shall take
25 judicial notice of the seal; and all copies of records, books,
26 and written instruments which are kept in the office of the
27 system and are certified by the director under the seal shall be
28 proved or admitted in any court or proceeding as provided by

1 section 109.130, RSMo.

2 4. The board shall arrange for annual audits of the records
3 and accounts of the system by a certified public accountant or by
4 a firm of certified public accountants. The state auditor [shall
5 examine such audits at least] may audit the system once every
6 three years and report to the board and the governor.

7 104.1091. 1. Notwithstanding any provision of the year
8 2000 plan to the contrary, each person who first becomes an
9 employee on or after January 1, 2011, shall be a member of the
10 year 2000 plan subject to the provisions of this section.

11 2. A member's normal retirement eligibility shall be as
12 follows:

13 (1) The member's attainment of at least age sixty-seven and
14 the completion of at least ten years of credited service; or the
15 member's attainment of at least age fifty-five with the sum of
16 the member's age and credited service equaling at least ninety;
17 or, in the case of a member who is serving as a uniformed member
18 of the highway patrol and subject to the mandatory retirement
19 provisions of section 104.081, such member's attainment of at
20 least age sixty or, the attainment of at least age fifty-five
21 with ten years of credited service;

22 (2) For members of the general assembly, the member's
23 attainment of at least age sixty-two and the completion of at
24 least three full biennial assemblies; or the member's attainment
25 of at least age fifty-five with the sum of the member's age and
26 credited service equaling at least ninety;

27 (3) For statewide elected officials, the official's
28 attainment of at least age sixty-two and the completion of at

1 least four years of credited service; or the official's
2 attainment of at least age fifty-five with the sum of the
3 official's age and credited service equaling at least ninety.

4 3. A vested former member's normal retirement eligibility
5 shall be based on the attainment of at least age sixty-seven and
6 the completion of at least ten years of credited service.

7 4. A temporary annuity paid pursuant to subsection 4 of
8 section 104.1024 shall be payable if the member has attained at
9 least age fifty-five with the sum of the member's age and
10 credited service equaling at least ninety; or in the case of a
11 member who is serving as a uniformed member of the highway patrol
12 and subject to the mandatory retirement provisions of section
13 104.081, the temporary annuity shall be payable if the member has
14 attained at least age sixty, or at least age fifty-five with ten
15 years of credited service.

16 5. A member, other than a member who is serving as a
17 uniformed member of the highway patrol and subject to the
18 mandatory retirement provisions of section 104.081, shall be
19 eligible for an early retirement annuity upon the attainment of
20 at least age sixty-two and the completion of at least ten years
21 of credited service. A vested former member shall not be
22 eligible for early retirement.

23 6. The provisions of subsection 6 of section 104.1021 and
24 section 104.344 as applied pursuant to subsection 7 of section
25 104.1021 and section 104.1090 shall not apply to members covered
26 by this section.

27 7. The minimum credited service requirements of five years
28 contained in sections 104.1018, 104.1030, 104.1036, and 104.1051

1 shall be ten years for members covered by this section. The
2 normal and early retirement eligibility requirements in this
3 section shall apply for purposes of administering section
4 104.1087.

5 8. A member shall be required to contribute four percent of
6 the member's pay to the retirement system, which shall stand to
7 the member's credit in his or her individual account with the
8 system, together with investment credits thereon, for purposes of
9 funding retirement benefits payable under the year 2000 plan,
10 subject to the following provisions:

11 (1) The state of Missouri employer, pursuant to the
12 provisions of 26 U.S.C. section 414(h)(2), shall pick up and pay
13 the contributions that would otherwise be payable by the member
14 under this section. The contributions so picked up shall be
15 treated as employer contributions for purposes of determining the
16 member's pay that is includable in the member's gross income for
17 federal income tax purposes;

18 (2) Member contributions picked up by the employer shall be
19 paid from the same source of funds used for the payment of pay to
20 a member. A deduction shall be made from each member's pay equal
21 to the amount of the member's contributions picked up by the
22 employer. This deduction, however, shall not reduce the member's
23 pay for purposes of computing benefits under the retirement
24 system pursuant to this chapter;

25 (3) Member contributions so picked up shall be credited to
26 a separate account within the member's individual account so that
27 the amounts contributed pursuant to this section may be
28 distinguished from the amounts contributed on an after-tax basis;

1 (4) The contributions, although designated as employee
2 contributions, shall be paid by the employer in lieu of the
3 contributions by the member. The member shall not have the
4 option of choosing to receive the contributed amounts directly
5 instead of having them paid by the employer to the retirement
6 system;

7 (5) Interest shall be credited annually on June 30 based on
8 the value in the account as of July 1 of the immediately
9 preceding year at a rate of four percent. Interest credits shall
10 cease upon termination of employment if the member is not a
11 vested former member. Otherwise, interest credits shall cease
12 upon retirement;

13 (6) A vested former member or a former member who is not
14 vested may request a refund of his or her contributions and
15 interest credited thereon. If such member is married at the time
16 of such request, such request shall not be processed without
17 consent from the spouse. Such member is not eligible to request
18 a refund if such member's retirement benefit is subject to a
19 division of benefit order pursuant to section 104.1051. Such
20 refund shall be paid by the system after ninety days from the
21 date of termination of employment or the request, whichever is
22 later, and shall include all contributions made to any retirement
23 plan administered by the system and interest credited thereon. A
24 vested former member may not request a refund after such member
25 becomes eligible for normal retirement. A vested former member
26 or a former member who is not vested who receives a refund shall
27 forfeit all the member's credited service and future rights to
28 receive benefits from the system and shall not be eligible to

1 receive any long term disability benefits; provided that any
2 member or vested former member receiving long term disability
3 benefits shall not be eligible for a refund. If such member
4 subsequently becomes an employee and works continuously for at
5 least one year, the credited service previously forfeited shall
6 be restored if the member returns to the system the amount
7 previously refunded plus interest at a rate established by the
8 board;

9 (7) The beneficiary of any member who made contributions
10 shall receive a refund upon the member's death equal to the
11 amount, if any, of such contributions less any retirement
12 benefits received by the member unless an annuity is payable to a
13 survivor or beneficiary as a result of the member's death. In
14 that event, the beneficiary of the survivor or beneficiary who
15 received the annuity shall receive a refund upon the survivor's
16 or beneficiary's death equal to the amount, if any, of the
17 member's contributions less any annuity amounts received by the
18 member and the survivor or beneficiary.

19 9. The employee contribution rate, the benefits provided
20 under the year 2000 plan, and any other provision of the year
21 2000 plan with regard to members covered under this section may
22 be altered, amended, increased, decreased, or repealed, but only
23 with respect to services rendered by the member after the
24 effective date of such alteration, amendment, increase, decrease,
25 or repeal, or, with respect to interest credits, for periods of
26 time after the effective date of such alteration, amendment,
27 increase, decrease, or repeal.

28 10. For purposes of members covered by this section, the

options under section 104.1027 shall be as follows:

Option 1. A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-eight and one half percent adjusted as follows: if the retiree's age on the annuity starting date is younger than sixty-seven years, an increase of three-tenths of one percent for each year the retiree's age is younger than age sixty-seven years; and if the beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of three-tenths of one percent for each year of age difference; and if the retiree's age is younger than the beneficiary's age on the annuity starting date, an increase of three-tenths of one percent for each year of age difference; provided, after all adjustments the option 1 percent cannot exceed ninety-four and one quarter percent. Upon the retiree's death, fifty percent of the retiree's reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

Option 2. A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-one percent adjusted as follows: if the retiree's age on the annuity starting date is younger than sixty-seven years, an increase of four-tenths of one percent for each year the retiree's age is younger than sixty-seven years; and if the beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of five-tenths of one percent for each year of age difference; and if the retiree's age is younger than the beneficiary's age on the annuity starting date,

1 an increase of five-tenths of one percent for each year of age
2 difference; provided, after all adjustments the option 2 percent
3 cannot exceed eighty-seven and three quarter percent. Upon the
4 retiree's death one hundred percent of the retiree's reduced
5 annuity shall be paid to such beneficiary who was the retiree's
6 spouse on the annuity starting date or as otherwise provided by
7 subsection 5 of this section.

8 Option 3. A retiree's life annuity shall be reduced to
9 ninety-three percent of the annuity otherwise payable. If the
10 retiree dies before having received one hundred twenty monthly
11 payments, the reduced annuity shall be continued for the
12 remainder of the one hundred twenty-month period to the retiree's
13 designated beneficiary provided that if there is no beneficiary
14 surviving the retiree, the present value of the remaining annuity
15 payments shall be paid as provided under subsection 3 of section
16 104.620. If the beneficiary survives the retiree but dies before
17 receiving the remainder of such one hundred twenty monthly
18 payments, the present value of the remaining annuity payments
19 shall be paid as provided under subsection 3 of section 104.620.

20 Option 4. A retiree's life annuity shall be reduced to
21 eighty-six percent of the annuity otherwise payable. If the
22 retiree dies before having received one hundred eighty monthly
23 payments, the reduced annuity shall be continued for the
24 remainder of the one hundred eighty-month period to the retiree's
25 designated beneficiary provided that if there is no beneficiary
26 surviving the retiree, the present value of the remaining annuity
27 payments shall be paid as provided under subsection 3 of section
28 104.620. If the beneficiary survives the retiree but dies before

1 receiving the remainder of such one hundred eighty monthly
2 payments, the present value of the remaining annuity payments
3 shall be paid as provided under subsection 3 of section 104.620.

4 11. The provisions of subsection 6 of section 104.1024
5 shall not apply to members covered by this section.

6 104.1500. 1. For the purpose of managing the investment of
7 assets of the retirement systems established by this chapter and
8 any systems authorized by section 104.1502, there is hereby
9 created and established an investment board, the "board", which
10 shall be a body corporate and an instrumentality of the state,
11 which shall be under the management and control of a board of
12 trustees herein described, which shall be known as the "Missouri
13 State Retirement Investment Board". The board shall be vested
14 with the powers and duties specified in sections 104.1500 to
15 104.1506 and such other powers as may be necessary or proper to
16 enable it, its officers, employees, and agents to carry out fully
17 and effectively all the purposes of sections 104.1500 to
18 104.1506.

19 2. The board shall consist of the executive directors of
20 the Missouri state employees' retirement system and the Missouri
21 department of transportation and highway patrol employees'
22 retirement system, and the commissioner of administration, all
23 three of whom shall be voting ex officio members of the board,
24 and four members appointed by the governor who shall not be state
25 employees. By no later than October 1, 2010, the two executive
26 directors shall recommend eight persons to the governor and by no
27 later than November 1, 2010, the governor shall appoint four of
28 those persons to be members of the board. The first member

1 appointed by the governor shall serve initially for a one year
2 term, the second member shall serve initially for a two year
3 term, the third member shall serve initially for a three year
4 term, and the fourth member shall serve initially for a four year
5 term. Subsequently, all such members shall serve four year
6 terms. Any vacancies occurring in the office of any such member
7 appointed by the governor shall be filled by the governor who
8 shall appoint a new member from a list of two persons recommended
9 to the governor by all board members. All persons recommended to
10 the governor as provided in this subsection shall have at least
11 five years of experience in banking or finance or the investment
12 business in general, including public investments, securities, or
13 economics, which may include teaching and research at the
14 collegiate and university level related to these subjects. The
15 governor shall have the right to reject any or all persons
16 recommended by the executive directors or by the board members.
17 In the event the governor rejects any or all persons recommended
18 by the executive directors or by the board members, the executive
19 directors or the board members shall submit a list of two
20 persons, not previously recommended, for each position on the
21 board that remains vacant. This process shall continue until no
22 position remains vacant. All appointments made by the governor
23 shall be subject to the advice and consent of the senate.

24 3. The board shall elect by secret ballot one member as
25 chairman and one member as vice chairman during the first board
26 meeting of each year. The chairman shall preside over meetings
27 of the board and perform such other duties as may be required by
28 action of the board. The vice chairman shall perform the duties

1 of the chairman in the absence of the chairman or upon the
2 chairman's inability or refusal to act. The board shall employ a
3 chief executive officer who shall also serve as the chief
4 investment officer. Other employees of the board shall be chosen
5 only upon the recommendation of the chief executive officer.

6 4. The general administration of, and responsibility for,
7 the proper operation of the board, including staffing, are hereby
8 vested in the board. The Missouri state employees' retirement
9 system and the Missouri department of transportation and highway
10 patrol employees' retirement system may cause the transfer of any
11 of their employees to the board to provide initial staffing of
12 the board, provided that neither the executive director of
13 Missouri state employees' retirement system nor the executive
14 director of the Missouri department of transportation and highway
15 patrol employees' retirement system shall be transferred to the
16 board. The Missouri state employees' retirement system and the
17 Missouri department of transportation and highway patrol
18 employees' retirement system shall, on an equitable basis,
19 contribute initial capital as necessary to cover all reasonable
20 costs associated with the establishment and implementation of the
21 board.

22 5. No person who serves on the board or has served as a
23 member of the board may become an employee of the board or work
24 for or have a business relationship with any service provider of
25 the board until two years have expired after the date of his or
26 her resignation or termination as a member of the board. No
27 current or former member of the general assembly or statewide
28 elected official may become an employee of the board or work for

1 or have a business relationship with any service provider of the
2 board until five years have expired after the date of his or her
3 resignation or termination as a member of the general assembly or
4 statewide elected official.

5 6. Employees of the board shall receive such salaries and
6 other compensation, benefits, and reimbursements for necessary
7 travel and expenses as shall be determined by the board. All
8 employees of the board shall be both state employees and members
9 of the Missouri state employees' retirement system.

10 7. Any summons or other writ issued by the courts of the
11 state shall be served upon the board's chief executive officer or
12 designee for such purposes.

13 8. The board shall meet within the state of Missouri, at
14 the time and date set at a previously scheduled meeting or by the
15 request of any four members of the board. Notice of such meeting
16 shall be delivered to all other members of the board in person or
17 by mail not less than ten days prior to the date fixed for the
18 meeting.

19 9. Four members of the board shall constitute a quorum for
20 the transaction of business, and any official action of the board
21 shall be based on the majority vote of the members present.
22 Unless otherwise expressly provided in this section, a decision
23 on a matter before the board may be made by written consent
24 without a meeting; provided the chief executive officer delivers
25 a written resolution to all the board members with a thorough
26 explanation of the matter to be decided with full information
27 regarding the matter from the records of the board, and a quorum
28 of members sign and return the written resolution to the chief

1 executive officer within seven days after the document and
2 information were sent to the members. If any member is not in
3 agreement and objects to the resolution in writing to the chief
4 executive officer, the matter shall be decided at a regular board
5 meeting or a special meeting called for that purpose.

6 10. The members of the board shall serve without
7 compensation but shall be reimbursed for their necessary expenses
8 incurred in the performance of their duties for the board.

9 11. Duties performed for the board by any member of the
10 board who is a state employee shall be considered duties in
11 connection with the regular employment of the individual by
12 another agency or instrumentality of the state, and he or she
13 shall suffer no loss in regular compensation by reason of the
14 performance of such duties.

15 12. In the event any member of the board, other than an ex
16 officio member, fails to attend three consecutive meetings of the
17 board, unless excused for cause at the third meeting and each
18 consecutive meeting thereafter, by the members attending such
19 meetings, the member shall be considered to have resigned from
20 the board and the board shall declare such member's office
21 vacated. The vacancy shall be filled in the same manner as
22 described in subsection 2 of this section.

23 13. The board shall keep a complete record of its
24 proceedings, which shall be open at all reasonable hours to the
25 inspection of the public pursuant to chapter 610.

26 14. Subject to the limitations of law, the board shall
27 formulate and adopt rules and regulations for the governance of
28 its own proceedings and for the administration of the board,

1 including board rules as may be necessary to administer the board
2 in accordance with applicable Internal Revenue Code provisions
3 and regulations. The board is authorized to promulgate rules to
4 properly administer the board and govern its own proceedings and
5 to hold hearings as required by law. The term "agency" and the
6 term "state agency", as defined by section 536.010, shall not
7 include the board with regard to the promulgation of rules or
8 hearings required by law, provided the board has established
9 written procedures to assure that constitutionally required due
10 process safeguards exist and apply to the promulgation of a rule
11 or regulation that would otherwise constitute a "rule", as
12 defined in section 536.010, and to a proceeding that would
13 otherwise constitute a "contested case" as defined in section
14 536.010. The board may delegate a hearing officer to hear all
15 matters wherein a hearing is required by law.

16 15. The accounts and records of any retirement system or
17 plan whose assets are managed by the board shall be open to
18 inspection by the board and its agents for the purpose of
19 obtaining information necessary in the performance of the duties
20 of the board under sections 104.1500 to 104.1506.

21 16. The board shall have the power to subpoena witnesses or
22 obtain the production of records when necessary for the
23 performance of its duties.

24 17. Subject to the provisions of the constitution and
25 sections 104.1500 to 104.1506, the board shall have exclusive
26 jurisdiction and control over the funds and property managed by
27 the board.

28 18. No member of the board, employee of the board, or their

1 immediate family members shall receive any personal monetary gain
2 or profit from any funds managed by or transaction made by the
3 board.

4 19. Any member of the board or employee of the board
5 accepting any gratuity or compensation for the purpose of
6 influencing his or her action with respect to the investment of
7 the funds managed by the board shall thereby forfeit his or her
8 office and may be subject to criminal penalties. The board shall
9 establish a code of conduct policy for the board and for officers
10 and employees and, at a minimum, the policy shall address
11 conflicts of interest, prohibit the acceptance of items of value
12 by the board or employees of the board from any current or
13 prospective service provider in connection with any purchasing,
14 hiring or firing decision made by the board or employees of the
15 board, and require notice be provided to all external service
16 providers that a violation of this policy may lead to termination
17 of employment or prohibition from hiring.

18 20. Board financial statements shall be issued in
19 accordance with generally accepted accounting principles covering
20 the operations of the board for the fiscal year ending June
21 thirtieth which shall each year be delivered to the governor of
22 Missouri and the board of each retirement system or plan for
23 which assets are managed by the board.

24 21. The board shall have a seal bearing the inscription
25 "Missouri State Retirement Investment Board", which shall be in
26 the custody of its chief executive officer. The courts of this
27 state shall take judicial notice of the seal; and all copies of
28 records, books, and written instruments which are kept in the

1 office of the board and are certified by the chief executive
2 officer under the seal shall be proved or admitted in any court
3 or proceeding as provided by section 109.130.

4 22. The board shall arrange for annual audits in accordance
5 with generally accepted auditing standards of the records and
6 accounts of the board to be conducted by an independent auditor
7 retained by the board. The state auditor may audit the board
8 once every three years and report to the board and the governor.

9 23. The board may select and employ service providers
10 including but not limited to legal counsel, auditors, and
11 actuaries as it deems appropriate to properly carry out the
12 purposes of the board.

13 24. The board may sue and be sued in its official name, but
14 the officers and employees of the board shall not be personally
15 liable for acts of the board. The board may indemnify, protect,
16 defend, and hold harmless the members of the board, and the
17 officers and employees of the board, against all claims and suits
18 for negligent or wrongful acts alleged to have been committed in
19 the scope of their service or employment or under the direction
20 of the members of the board or the chief executive officer,
21 provided that the members of the board, and the officers and
22 employees of the board, shall not be indemnified for willful
23 misconduct. The board is authorized to insure against loss or
24 liability of the members of the board, and the officers and
25 employees of the board, that may result from claims and suits for
26 negligent or wrongful acts alleged to have been committed in the
27 scope of their service or employment or under the direction of
28 the members of the board or the chief executive officer. This

1 insurance shall be carried through a company that is licensed to
2 write such coverage in this state. The service of all legal
3 process and of all notices which may be required to be in
4 writing, whether in legal proceedings or otherwise, shall be made
5 on the chief executive officer or in his or her absence, on the
6 chief executive officer's designee at his or her office. Nothing
7 in this subsection shall be construed to waive sovereign immunity
8 to the extent provided by law.

9 25. In the event the Internal Revenue Service determines
10 that any retirement system or plan is not a qualified plan within
11 the meaning of Section 401(a) of the Internal Revenue Code, and
12 if such retirement system or plan is not amended so as to qualify
13 under such section within the period of time permitted by law for
14 retroactive amendment of such plan, then the board may segregate
15 the assets of such plan and withdraw the assets from the trust
16 and hold such assets in a separate trust under all of the terms
17 of sections 104.1500 to 104.1506.

18 104.1502. Notwithstanding any law to the contrary,
19 effective January 1, 2011 the board shall provide investment
20 oversight and management of all investment assets of all
21 retirement plans administered by the Missouri state employees'
22 retirement system and the Missouri department of transportation
23 and highway patrol employees' retirement system subject to the
24 transition provisions provided in sections 104.1500 to 104.1506.
25 Any public employee retirement system or plan in the state, other
26 than the Missouri local government employees retirement system,
27 the public school retirement system of Missouri, or public
28 education employee retirement system of Missouri may apply to the

1 board to provide investment oversight and management of all
2 investment assets of the retirement system or plan upon the
3 approval of such retirement system or plan and of the board and
4 subject to a mutually approved written agreement. The assets
5 managed by the board may include any defined benefit plan,
6 defined contribution plan, deferred compensation plan, or public
7 employee medical plan of the state or political subdivision,
8 unless otherwise prohibited by this section.

9 104.1504. 1. All assets managed by the board for each
10 respective retirement system or plan shall be held by the board
11 as trustee in a trust for each such retirement system or plan for
12 the exclusive benefit of the participants of such retirement
13 system or plan. Such assets shall not be subject to execution,
14 garnishment, attachment, writ of sequestration, or any other
15 claim or process whatsoever, and shall be unassignable.

16 2. All moneys received by the board from or for the account
17 of a retirement system or plan shall be deposited in one or more
18 banks or trust companies for the credit of the trust maintained
19 for such retirement system or plan. No such money shall be
20 deposited in or be retained by any bank or trust company which
21 does not have on deposit with and for the board at the time the
22 kind and value of collateral required by sections 30.240 and
23 30.270 for depositaries of the state treasurer. The chief
24 executive officer shall be responsible for all funds, securities,
25 and property belonging to each retirement system or plan, and
26 shall obtain such corporate surety bond for the faithful handling
27 of the same as the board shall require.

28 3. The board shall have the power, in the name and on

1 behalf of the board, to purchase, acquire, hold, invest, lend,
2 lease, sell, assign, transfer, and dispose of all property,
3 rights, and securities, and enter into written contracts, all as
4 may be necessary or proper to carry out the purposes of sections
5 104.1500 to 104.1506.

6 4. The board shall invest the funds of each retirement
7 system held by the board as trustee, as permitted by sections
8 105.687 to 105.689. The board may delegate to employees of the
9 board, or to an agent, functions that a prudent trustee acting in
10 a like capacity and familiar with those matters could properly
11 delegate.

12 5. The board may deliberate about, or make tentative or
13 final decisions on, investments or other financial matters in
14 executive session if disclosure of the deliberations or decisions
15 would jeopardize the ability to implement a decision or to
16 achieve investment objectives. A record of the board that
17 discloses proprietary investment information or deliberations
18 about, or a tentative or final decision on, investments or other
19 financial matters is not a public record under chapter 610 to the
20 extent and so long as its disclosure would jeopardize the ability
21 to implement a decision, to achieve investment objectives, or
22 cause the board to be in violation of an agreement not to
23 disclose proprietary information.

24 6. The board may invest the assets of any retirement system
25 or plan in a collective trust fund established or maintained by
26 the board. Any trust assets so transferred and any subsequent
27 transfers and contributions of the retirement systems or plans
28 together with proceeds and reinvestments thereof may be invested

1 as a single pool with appropriate accounting to identify the
2 proportionate interests of the retirement systems and plans in
3 particular assets, asset sub-pools, or asset classes. The assets
4 held in such a collective trust fund shall be held in one or more
5 separate retirement benefit trusts for the exclusive purpose of
6 satisfying the obligations of each respective retirement system
7 or plan to pay retirement and other benefits pursuant to
8 applicable laws or plan documents and paying administrative
9 expenses associated with satisfying such obligations. At no time
10 shall any part of a retirement benefit trust held by the board be
11 used for or diverted to any purpose other than for the exclusive
12 purpose of satisfying the respective obligations of the
13 retirement systems or plans and paying administrative expenses
14 associated with satisfying such obligations. The board shall
15 establish trust management agreements or trust instruments that
16 set forth the terms and conditions for holding, managing, and
17 distributing assets contributed by the respective retirement
18 systems or plans.

19 7. Participating retirement systems or plans shall transfer
20 to the board of trustees all appropriate securities and cash.
21 All assets transferred to the board shall be held in a trust and
22 valued at their current market value as determined by the board,
23 including accrued interest. The board shall establish and
24 maintain account units to determine the share of each retirement
25 system or plan in the trust, and in each investment account, if
26 applicable.

27 8. The board shall maintain appropriate accounting records
28 for each participating retirement system or plan. The records

1 shall reflect the number of units in the combined investment
2 funds owned by each retirement system or plan. No certificates or
3 other evidence of ownership shall be required. As of each
4 valuation date, or as often as the board determines, each
5 retirement system or plan shall be informed of the number of
6 units owned and the current value of the units. Annually, the
7 board shall provide each participating retirement system or plan
8 with financial statements prepared in accordance with generally
9 accepted accounting principles reflecting their participation in
10 the board.

11 9. The estimated administrative and investment expenses
12 incurred by the board shall be apportioned among the retirement
13 systems and plans and debited to each of the respective
14 retirement systems or funds on a quarterly basis. A
15 reconciliation of the actual expenses compared to the estimated
16 costs shall occur at the end of each fiscal year with any surplus
17 or deficit being credited or debited to each of the respective
18 retirement systems or funds. The board shall present a statement
19 of expenses to each retirement system or plan at the end of each
20 quarter during each fiscal year.

21 10. Each retirement system or plan shall during the
22 transition as described in section 104.1506 and from time to time
23 thereafter, transfer to the board for investment those portions
24 of the assets of the retirement system or plan which in the
25 judgment of those retirement systems or plans are not required
26 for immediate use. Upon acceptance and transfer of such assets
27 to the board, the retirement system or plan shall be without
28 liability for the management of such assets by the board. When

1 trust assets are transferred back or paid to the retirement
2 system or plan by the board, the board shall have no further
3 liability for the management of such assets.

4 11. The board shall not be responsible for the calculation
5 or collection of any contribution under or required by the
6 retirement systems or plans, but shall be responsible only for
7 property received by it pursuant to sections 104.1500 to
8 104.1506.

9 12. The board shall, from time to time, on written
10 directions of the executive director, chief executive officer, or
11 designee of a retirement system or plan, make payments out of the
12 trust of such retirement system or plan to such persons in such
13 amounts and for such purposes as may be specified in the
14 directions of such executive director, chief executive officer,
15 or designee. The board shall not be responsible for whether such
16 payments are authorized or proper under the governing document or
17 other authority of such retirement system or plan, but may rely
18 on the instructions of the executive director, chief executive
19 officer, or designee of each respective retirement system or
20 plan.

21 13. The board shall not be liable for the proper
22 application of any part of any trust if distributions or
23 transfers are made in accordance with the written directions of
24 the executive director, chief executive officer, or designee of
25 the retirement system or plan, nor shall the board be responsible
26 for the adequacy of the trust fund of a retirement system or plan
27 to satisfy any and all payments and liabilities under the plan.
28 The board shall not be liable for any payment made pursuant to

1 the direction of the executive director, chief executive
2 officer, or designee of the retirement system or plan. Any
3 written direction of the executive director, chief executive
4 officer, or designee of the retirement system or plan shall
5 constitute a certification that the distribution or payment so
6 directed is one which the executive director, chief executive
7 officer, or designee of the retirement system or plan or its
8 designated representative is authorized to direct. The board
9 shall be under no liability for making any distribution or
10 transfer pursuant to the direction of the executive director,
11 chief executive officer, or designee of a retirement system or
12 plan (including amounts withheld pursuant to the previous
13 section) and shall be under no duty to make or inquire regarding
14 whether any distribution or transfer directed by the executive
15 director, chief executive officer, or designee of a retirement
16 system or plan is made pursuant to the plan provisions.

17 104.1506. There shall be a transition period between
18 January 1, 2011 and August 1, 2011 during which time assets of
19 the Missouri state employees' retirement system and the Missouri
20 department of transportation and highway patrol employees'
21 retirement system shall be transferred to the board as provided
22 in sections 104.1500 to 104.1506. The responsibility to manage
23 assets shall remain with the retirement systems or plans until
24 such time as those assets are transferred to the board.

25 105.676. 1. Each plan that invests in international
26 equities of publicly-traded foreign companies shall establish a
27 policy regarding investments in companies that support terrorism.

28 2. Such policy shall direct the plan to annually consult

1 and request guidance from the federal government with regard to
2 identifying countries and companies that are supporting
3 terrorism. The plan or its investment manager shall compare the
4 information received from the federal government to investments
5 in international equities of publicly-traded foreign companies
6 directly held by the plan's custodian. If the plan is invested
7 in any such company, the policy shall direct the board to
8 consider whether it is appropriate to divest from such
9 investment, encourage the identified company to alter its
10 operations, or take such other action as the board determines to
11 be in the best interest of the plan.

12 3. Such policy shall not require any plan to take any
13 action with regard to investments in any company that directly or
14 indirectly has a commercial presence in this state, directly or
15 indirectly employs citizens of this state, or is involved in
16 humanitarian or commercial activities that do not directly
17 contribute to terrorism.

18 4. Nothing in this section shall be construed to require
19 any investment fiduciary, as defined in section 105.687, to act
20 in violation of their fiduciary duties.

21 169.020. 1. For the purpose of providing retirement
22 allowances and other benefits for public school teachers, there
23 is hereby created and established a retirement system which shall
24 be a body corporate, shall be under the management of a board of
25 trustees herein described, and shall be known as "The Public
26 School Retirement System of Missouri". Such system shall, by and
27 in such name, sue and be sued, transact all of its business,
28 invest all of its funds, and hold all of its cash, securities,

1 and other property. The system so created shall include all
2 school districts in this state, except those in cities that had
3 populations of four hundred thousand or more according to the
4 latest United States decennial census, and such others as are or
5 hereafter may be included in a similar system or in similar
6 systems established by law and made operative; provided, that
7 teachers in school districts of more than four hundred thousand
8 inhabitants who are or may become members of a local retirement
9 system may become members of this system with the same legal
10 benefits as accrue to present members of such state system on the
11 terms and under the conditions provided for in section 169.021.
12 The system hereby established shall begin operations on the first
13 day of July next following the date upon which sections 169.010
14 to 169.130 shall take effect.

15 2. The general administration and the responsibility for
16 the proper operation of the retirement system and for making
17 effective the provisions of sections 169.010 to 169.141 are
18 hereby vested in a board of trustees of seven persons as follows:
19 four persons to be elected as trustees by the members and retired
20 members of the public school retirement system created by
21 sections 169.010 to 169.141 and the public education employee
22 retirement system created by sections 169.600 to 169.715; and
23 three members appointed by the governor with the advice and
24 consent of the senate. The first member appointed by the
25 governor shall replace the commissioner of education for a term
26 beginning August 28, 1998. The other two members shall be
27 appointed by the governor at the time each member's, who was
28 appointed by the state board of education, term expires.

1 3. Trustees appointed and elected shall be chosen for terms
2 of four years from the first day of July next following their
3 appointment or election, except that one of the elected trustees
4 shall be a member of the public education employee retirement
5 system and shall be initially elected for a term of three years
6 from July 1, 1991. The initial term of one other elected trustee
7 shall commence on July 1, 1992.

8 4. Trustees appointed by the governor shall be residents of
9 school districts included in the retirement system, but not
10 employees of such districts or a state employee or a state
11 elected official. At least one trustee so appointed shall be a
12 retired member of the public school retirement system or the
13 public education employee retirement system. Three elected
14 trustees shall be members of the public school retirement system
15 and one elected trustee shall be a member of the public education
16 employee retirement system.

17 5. The elections of the trustees shall be arranged for,
18 managed and conducted by the board of trustees of the retirement
19 system.

20 6. If a vacancy occurs in the office of trustee, the
21 vacancy shall be filled for the unexpired term in the same manner
22 as the office was previously filled.

23 7. Trustees of the retirement system shall serve without
24 compensation but they shall be reimbursed for expenses
25 necessarily incurred through service on the board of trustees.

26 8. Each trustee shall be commissioned by the governor, and
27 before entering upon the duties of the trustee's office, shall
28 take and subscribe to an oath or affirmation to support the

1 Constitution of the United States, and of the state of Missouri
2 and to demean himself or herself faithfully in the trustee's
3 office. Such oath as subscribed to shall be filed in the office
4 of secretary of state of this state.

5 9. Each trustee shall be entitled to one vote in the board
6 of trustees. Four votes shall be necessary for a decision by the
7 trustees at any meeting of the board of trustees. Unless
8 otherwise expressly provided herein, a meeting need not be called
9 or held to make any decision on a matter before the board. Each
10 member must be sent by the executive director a copy of the
11 matter to be decided with full information from the files of the
12 board of trustees. The unanimous decision of four trustees may
13 decide the issue by signing a document declaring their decision
14 and sending such written instrument to the executive director of
15 the board, provided that no other member of the board of trustees
16 shall send a dissenting decision to the executive director of the
17 board within fifteen days after such document and information was
18 mailed to the trustee. If any member is not in agreement with
19 four members the matter is to be passed on at a regular board
20 meeting or a special meeting called for the purpose.

21 10. The board of trustees shall elect one of their number
22 as chairman, and shall employ a full-time executive director, not
23 one of their number, who shall be the executive officer of the
24 board. Other employees of the board shall be chosen only upon
25 the recommendation of the executive director.

26 11. The board of trustees shall employ an actuary who shall
27 be its technical advisor on matters regarding the operation of
28 the retirement system, and shall perform such duties as are

1 essential in connection therewith, including the recommendation
2 for adoption by the board of mortality and other necessary
3 tables, and the recommendation of the level rate of contributions
4 required for operation of the system.

5 12. As soon as practicable after the establishment of the
6 retirement system, and annually thereafter, the actuary shall
7 make a valuation of the system's assets and liabilities on the
8 basis of such tables as have been adopted.

9 13. At least once in the three-year period following the
10 establishment of the retirement system, and in each five-year
11 period thereafter, the board of trustees shall cause to be made
12 an actuarial investigation into the mortality, service, and
13 compensation experience of the members and beneficiaries of the
14 system, and shall make any changes in the mortality, service, and
15 other tables then in use which the results of the investigation
16 show to be necessary.

17 14. Subject to the limitations of sections 169.010 to
18 169.141 and 169.600 to 169.715, the board of trustees shall
19 formulate and adopt rules and regulations for the government of
20 its own proceedings and for the administration of the retirement
21 system.

22 15. The board of trustees shall determine and decide all
23 questions of doubt as to what constitutes employment within the
24 meaning of sections 169.010 to 169.141 and 169.600 to 169.715,
25 the amount of benefits to be paid to members, retired members,
26 beneficiaries and survivors and the amount of contributions to be
27 paid by employer and employee. The executive director shall
28 notify by certified mail both employer and member, retired

1 member, beneficiary or survivor interested in such determination.
2 Any member, retired member, beneficiary or survivor, district or
3 employer adversely affected by such determination, at any time
4 within thirty days after being notified of such determination,
5 may appeal to the circuit court of Cole County. Such appeal
6 shall be tried and determined anew in the circuit court and such
7 court shall hear and consider any and all competent testimony
8 relative to the issues in the case, which may be offered by
9 either party thereto. The circuit court shall determine the
10 rights of the parties under sections 169.010 to 169.141 and
11 169.600 to 169.715 using the same standard provided in section
12 536.150, RSMo, and the judgment or order of such circuit court
13 shall be binding upon the parties and the board shall carry out
14 such judgment or order unless an appeal is taken from such
15 decision of the circuit court. Appeals may be had from the
16 circuit court by the employer, member, retired member,
17 beneficiary, survivor or the board, in the manner provided by the
18 civil code.

19 16. The board of trustees shall keep a record of all its
20 proceedings, which shall be open to public inspection. It shall
21 prepare annually a comprehensive annual financial report, the
22 financial section of which shall be prepared in accordance with
23 applicable accounting standards and shall include the independent
24 auditor's opinion letter. The report shall also include
25 information on the actuarial status and the investments of the
26 system. The reports shall be preserved by the executive director
27 and made available for public inspection.

28 17. The board of trustees shall provide for the maintenance

1 of an individual account with each member, setting forth such
2 data as may be necessary for a ready determination of the
3 member's earnings, contributions, and interest accumulations. It
4 shall also collect and keep in convenient form such data as shall
5 be necessary for the preparation of the required mortality and
6 service tables and for the compilation of such other information
7 as shall be required for the valuation of the system's assets and
8 liabilities. All individually identifiable information
9 pertaining to members, retirees, beneficiaries and survivors
10 shall be confidential.

11 18. The board of trustees shall meet regularly at least
12 twice each year, with the dates of such meetings to be designated
13 in the rules and regulations adopted by the board. Such other
14 meetings as are deemed necessary may be called by the chairman of
15 the board or by any four members acting jointly.

16 19. The headquarters of the retirement system shall be in
17 Jefferson City, where suitable office space, utilities and other
18 services and equipment necessary for the operation of the system
19 shall be provided by the board of trustees and all costs shall be
20 paid from funds of the system. All suits or proceedings directly
21 or indirectly against the board of trustees, the board's members
22 or employees or the retirement system established by sections
23 169.010 to 169.141 or 169.600 to 169.715 shall be brought in Cole
24 County.

25 20. The board may appoint an attorney or firm of attorneys
26 to be the legal advisor to the board and to represent the board
27 in legal proceedings, however, if the board does not make such an
28 appointment, the attorney general shall be the legal advisor of

1 the board of trustees, and shall represent the board in all legal
2 proceedings.

3 21. The board of trustees shall arrange for adequate surety
4 bonds covering the executive director. When approved by the
5 board, such bonds shall be deposited in the office of the
6 secretary of state of this state.

7 22. The board shall arrange for annual audits of the
8 records and accounts of the system by a firm of certified public
9 accountants[,]. The state auditor [shall review the audit of the
10 records and accounts of] may audit the system at least once every
11 three years and shall report the results to the board of trustees
12 and the governor.

13 23. The board by its rules may establish an interest charge
14 to be paid by the employer on any payments of contributions which
15 are delinquent. The rate charged shall not exceed the
16 actuarially assumed rate of return on invested funds of the
17 pertinent system.

18 169.270. Unless a different meaning is clearly required by
19 the context, the following words and phrases as used in sections
20 169.270 to 169.400 shall have the following meanings:

21 (1) "Accumulated contributions", the sum of all amounts
22 deducted from the compensation of a member or paid on behalf of
23 the member by the employer and credited to the member's
24 individual account together with interest thereon in the
25 employees' contribution fund. The board of trustees shall
26 determine the rate of interest allowed thereon as provided for in
27 section 169.295;

28 (2) "Actuarial equivalent", a benefit of equal value when

1 computed upon the basis of formulas and/or tables which have been
2 approved by the board of trustees. The formulas and tables in
3 effect at any time shall be set forth in a written document which
4 shall be maintained at the offices of the retirement system and
5 treated for all purposes as part of the documents governing the
6 retirement system established by section 169.280. The formulas
7 and tables may be changed from time to time if recommended by the
8 retirement system's actuary and approved by the board of
9 trustees;

10 (3) "Average final compensation", the highest average
11 annual compensation received for any four consecutive years of
12 service. In determining whether years of service are
13 "consecutive", only periods for which creditable service is
14 earned shall be considered, and all other periods shall be
15 disregarded;

16 (4) "Beneficiary", any person designated by a member for a
17 retirement allowance or other benefit as provided by sections
18 169.270 to 169.400;

19 (5) "Board of education", the board of directors or
20 corresponding board, by whatever name, having charge of the
21 public schools of the school district in which the retirement
22 system is established;

23 (6) "Board of trustees", the board provided for in section
24 169.291 to administer the retirement system;

25 (7) "Break in service", an occurrence when a regular
26 employee ceases to be a regular employee for any reason other
27 than retirement (including termination of employment,
28 resignation, or furlough but not including vacation, sick leave,

1 excused absence or leave of absence granted by an employer) and
2 such person does not again become a regular employee until after
3 sixty consecutive calendar days have elapsed, or after fifteen
4 consecutive school or work days have elapsed, whichever occurs
5 later. A break in service also occurs when a regular employee
6 retires under the retirement system established by section
7 169.280 and does not again become a regular employee until after
8 fifteen consecutive school or work days have elapsed. A "school
9 or work day" is a day on which the employee's employer requires
10 (or if the position no longer exists, would require, based on
11 past practice) employees having the former employee's last job
12 description to report to their place of employment for any
13 reason;

14 (8) "Charter school", any charter school established
15 pursuant to sections 160.400 to 160.420, RSMo, and located, at
16 the time it is established, within the school district;

17 (9) "Compensation", the regular compensation as shown on
18 the salary and wage schedules of the employer, including any
19 amounts paid by the employer on a member's behalf pursuant to
20 subdivision (5) of subsection 1 of section 169.350, but such term
21 is not to include extra pay, overtime pay, consideration for
22 entering into early retirement, or any other payments not
23 included on salary and wage schedules. For any year beginning
24 after December 31, 1988, the annual compensation of each member
25 taken into account under the retirement system shall not exceed
26 the limitation set forth in Section 401(a)(17) of the Internal
27 Revenue Code of 1986, as amended;

28 (10) "Creditable service", the amount of time that a

1 regular employee is a member of the retirement system and makes
2 contributions thereto in accordance with the provisions of
3 sections 169.270 to 169.400;

4 (11) "Employee", any person who is classified by the school
5 district, a charter school, the library district or the
6 retirement system established by section 169.280 as an employee
7 of such employer and is reported contemporaneously for federal
8 and state tax purposes as an employee of such employer. A person
9 is not considered to be an employee for purposes of such
10 retirement system with respect to any service for which the
11 person was not reported contemporaneously for federal and state
12 tax purposes as an employee of such employer, regardless of
13 whether the person is or may later be determined to be or to have
14 been a common law employee of such employer, including but not
15 limited to a person classified by the employer as independent
16 contractors and persons employed by other entities which contract
17 to provide staff and services to the employer. In no event shall
18 a person reported for federal tax purposes as an employee of a
19 private, for-profit entity be deemed to be an employee eligible
20 to participate in the retirement system established by section
21 169.280 with respect to such employment;

22 (12) "Employer", the school district, any charter school,
23 the library district, or the retirement system established by
24 section 169.280, or any combination thereof, as required by the
25 context to identify the employer of any member, or, for purposes
26 only of subsection 2 of section 169.324, of any retirant;

27 (13) "Employer's board", the board of education, the
28 governing board of any charter school, the board of trustees of

1 the library district, the board of trustees, or any combination
2 thereof, as required by the context to identify the governing
3 body of an employer;

4 (14) "Library district", any urban public library district
5 created from or within a school district under the provisions of
6 section 182.703, RSMo;

7 (15) "Medical board", the board of physicians provided for
8 in section 169.291;

9 (16) "Member", any person who is a regular employee after
10 the retirement system has been established hereunder ("active
11 member"), and any person who (i) was an active member, (ii) has
12 vested retirement benefits hereunder, and (iii) is not receiving
13 a retirement allowance hereunder ("inactive member");

14 (17) "Minimum normal retirement age", the earlier of the
15 date the member attains the age of sixty or the date the member
16 has a total of at least seventy-five credits, with each year of
17 creditable service and each year of age equal to one credit, with
18 both years of creditable service and years of age prorated for
19 fractional years;

20 (18) "Prior service", service prior to the date the system
21 becomes operative which is creditable in accordance with the
22 provisions of section 169.311. Prior service in excess of
23 thirty-eight years shall be considered thirty-eight years;

24 (19) "Regular employee", any employee who is assigned to an
25 established position which requires service of not less than
26 twenty-five hours per week, and not less than nine calendar
27 months a year. Any regular employee who is subsequently assigned
28 without break in service to a position demanding less service

1 than is required of a regular employee shall continue the
2 employee's status as a regular employee. Except as stated in the
3 preceding sentence, a temporary, part-time, or furloughed
4 employee is not a regular employee;

5 (20) "Retirant", a former member receiving a retirement
6 allowance hereunder;

7 (21) "Retirement allowance", annuity payments to a retirant
8 or to such beneficiary as is entitled to same;

9 (22) "School district", any school district in which a
10 retirement system shall be established under section 169.280.

11 169.280. 1. In each school district of this state (i) that
12 now has or may hereafter have a population of not more than seven
13 hundred thousand and (ii) not less than seventy percent of whose
14 population resides in a city other than a city not within a
15 county which now has or may hereafter have a population of four
16 hundred thousand or more, according to the latest United States
17 decennial census, there is hereby created and established a
18 retirement system for the purpose of providing retirement
19 allowances and related benefits for employees of the employer.
20 Each such system shall be under the management of a board of
21 trustees herein described, and shall be known as "The Public
22 School Retirement System of (name of school district)", and by
23 such name all of its business shall be transacted, all of its
24 funds invested, and all of its cash and securities and other
25 property held. When a school district first satisfies the
26 foregoing population conditions, the board of education shall
27 adopt a resolution certifying the same and take all actions
28 necessary to cause the retirement system to begin operation on

1 the thirtieth day of September following such certification.

2 2. In the event that (i) the population of a school
3 district having a retirement system created hereunder should
4 increase to a number greater than seven hundred thousand, or (ii)
5 the population of the city in which not less than seventy percent
6 of the population of the school district resides should decrease
7 to a number less than four hundred thousand, or (iii) less than
8 seventy percent of the population of the school district should
9 reside in a city having a population of at least four hundred
10 thousand, or (iv) the corporate organization of the school
11 district shall lapse in accordance with subsections 1 and 4 of
12 section 162.081, RSMo, the retirement system of such school
13 district shall continue to be governed by and subject to sections
14 169.270 to 169.400 and all other statutes, rules, and regulations
15 applicable to retirement systems in school districts having a
16 population of not more than seven hundred thousand and not less
17 than seventy percent of whose population resides in a city, other
18 than a city not within a county, of four hundred thousand or
19 more, as if the population of such school district and city
20 continued to be within such numerical limits.

21 3. The plan of retirement benefits administered by the
22 retirement system established hereby is intended to be a
23 qualified plan under the provisions of applicable federal law.
24 The board of trustees shall interpret the statutes governing the
25 retirement system and shall administer the retirement system in
26 all respects consistent with such intent. The assets of the
27 retirement system shall be held in trust for the exclusive
28 benefit of members and their beneficiaries and for defraying

reasonable administrative expenses of the retirement system. No part of such assets shall, at any time prior to the satisfaction of all liabilities with respect to members and their beneficiaries, be used for or diverted to any purposes other than for such exclusive benefit or for any purpose inconsistent with the requirements of sections 169.270 to 169.400.

169.301. 1. Any active member who has completed five or more years of actual (not purchased) creditable service shall be entitled to a vested retirement benefit equal to the annual service retirement allowance provided in sections 169.270 to 169.400 payable after attaining the minimum normal retirement age and calculated in accordance with the law in effect on the last date such person was a regular employee; provided, that such member does not withdraw such person's accumulated contributions pursuant to section 169.328 prior to attaining the minimum normal retirement age.

2. Any member who elected on October 13, 1961, or within thirty days thereafter, to continue to contribute and to receive benefits under sections 169.270 to 169.400 may continue to be a member of the retirement system under the terms and conditions of the plan in effect immediately prior to October 13, 1961, or may, upon written request to the board of trustees, transfer to the present plan, provided that the member pays into the system any additional contributions with interest the member would have credited to the member's account if such person had been a member of the current plan since its inception or, if the person's contributions and interest are in excess of what the person would have paid, such person will receive a refund of such excess. The

1 board of trustees shall adopt appropriate rules and regulations
2 governing the operation of the plan in effect immediately prior
3 to October 13, 1961.

4 3. Should a retirant again become an active member, such
5 person's retirement allowance payments shall cease during such
6 membership and shall be recalculated upon subsequent retirement
7 to include any creditable service earned during the person's
8 latest period of active membership in accordance with subsection
9 2 of section 169.324.

10 4. In the event of the complete termination of the
11 retirement system established by section 169.280 or the complete
12 discontinuance of contributions to such retirement system, the
13 rights of all members to benefits accrued to the date of such
14 termination or discontinuance, to the extent then funded, shall
15 be fully vested and nonforfeitable.

16 169.324. 1. The annual service retirement allowance
17 payable pursuant to section 169.320 in equal monthly installments
18 for life shall be the retirant's number of years of creditable
19 service multiplied by one and three-fourths percent of the
20 person's average final compensation, subject to a maximum of
21 sixty percent of the person's average final compensation. For
22 any member who retires as an active member on or after June 30,
23 1999, the annual service retirement allowance payable pursuant to
24 section 169.320 in equal monthly installments for life shall be
25 the retirant's number of years of creditable service multiplied
26 by two percent of the person's average final compensation,
27 subject to a maximum of sixty percent of the person's average
28 final compensation. Any member whose number of years of

1 creditable service is greater than thirty-four and one-quarter on
2 August 28, 1993, shall receive an annual service retirement
3 allowance payable pursuant to section 169.320 in equal monthly
4 installments for life equal to the retirant's number of years of
5 creditable service as of August 28, 1993, multiplied by one and
6 three-fourths percent of the person's average final compensation
7 but shall not receive a greater annual service retirement
8 allowance based on additional years of creditable service after
9 August 28, 1993. Provided, however, that, effective January 1,
10 1996, any retiree who retired on, before or after January 1,
11 1996, with at least twenty years of creditable service shall
12 receive at least three hundred dollars each month as a retirement
13 allowance, or the actuarial equivalent thereof if the retiree
14 elected any of the options available under section 169.326.
15 Provided, further, any retiree who retired with at least ten
16 years of creditable service shall receive at least one hundred
17 fifty dollars each month as a retirement allowance, plus fifteen
18 dollars for each additional full year of creditable service
19 greater than ten years but less than twenty years (or the
20 actuarial equivalent thereof if the retiree elected any of the
21 options available under section 169.326). Any beneficiary of a
22 deceased retiree who retired with at least ten years of
23 creditable service and elected one of the options available under
24 section 169.326 shall also be entitled to the actuarial
25 equivalent of the minimum benefit provided by this subsection,
26 determined from the option chosen.

27 2. Except as otherwise provided in sections 169.331,
28 169.580 and 169.585, payment of a retirant's retirement allowance

1 will be suspended for any month for which such person receives
2 remuneration from the person's employer or from any other
3 employer in the retirement system established by section 169.280
4 for the performance of services except any such person other than
5 a person receiving a disability retirement allowance under
6 section 169.322 may serve as a nonregular substitute, part-time
7 or temporary employee for not more than six hundred hours in any
8 school year without becoming a member and without having the
9 person's retirement allowance discontinued, provided that through
10 such substitute, part-time, or temporary employment, the person
11 may earn no more than fifty percent of the annual salary or wages
12 the person was last paid by the employer before the person
13 retired and commenced receiving a retirement allowance, adjusted
14 for inflation. If a person exceeds such hours limit or such
15 compensation limit, payment of the person's retirement allowance
16 shall be suspended for the month in which such limit was exceeded
17 and each subsequent month in the school year for which the person
18 receives remuneration from any employer in the retirement system.
19 If a retirant is reemployed by any employer in any capacity,
20 whether pursuant to this section, or section 169.331, 169.580, or
21 169.585, or as a regular employee, the amount of such person's
22 retirement allowance attributable to service prior to the
23 person's first retirement date shall not be changed by the
24 reemployment. If the person again becomes an active member and
25 earns additional creditable service, upon the person's second
26 retirement the person's retirement allowance shall be the sum of:
27 (1) The retirement allowance the person was receiving at
28 the time the person's retirement allowance was suspended,

1 pursuant to the payment option elected as of the first retirement
2 date, plus the amount of any increase in such retirement
3 allowance the person would have received pursuant to subsection 3
4 of this section had payments not been suspended during the
5 person's reemployment; and

6 (2) An additional retirement allowance computed using the
7 benefit formula in effect on the person's second retirement date,
8 the person's creditable service following reemployment, and the
9 person's average final annual compensation as of the second
10 retirement date. The sum calculated pursuant to this subsection
11 shall not exceed the greater of sixty percent of the person's
12 average final compensation as of the second retirement date or
13 the amount determined pursuant to subdivision (1) of this
14 subsection. Compensation earned prior to the person's first
15 retirement date shall be considered in determining the person's
16 average final compensation as of the second retirement date if
17 such compensation would otherwise be included in determining the
18 person's average final compensation.

19 3. The board of trustees shall determine annually whether
20 the investment return on funds of the system can provide for an
21 increase in benefits for retirants eligible for such increase. A
22 retirant shall and will be eligible for an increase awarded
23 pursuant to this section as of the second January following the
24 date the retirant commenced receiving retirement benefits. Any
25 such increase shall also apply to any monthly joint and survivor
26 retirement allowance payable to such retirant's beneficiaries,
27 regardless of age. The board shall make such determination as
28 follows:

1 (1) After determination by the actuary of the investment
2 return for the preceding year as of December thirty-first (the
3 "valuation year"), the actuary shall recommend to the board of
4 trustees what portion of the investment return is available to
5 provide such benefits increase, if any, and shall recommend the
6 amount of such benefits increase, if any, to be implemented as of
7 the first day of the thirteenth month following the end of the
8 valuation year, and the first payable on or about the first day
9 of the fourteenth month following the end of the valuation year.
10 The actuary shall make such recommendations so as not to affect
11 the financial soundness of the retirement system, recognizing the
12 following safeguards:

13 (a) The retirement system's funded ratio as of January
14 first of the year preceding the year of a proposed increase shall
15 be at least one hundred percent after adjusting for the effect of
16 the proposed increase. The funded ratio is the ratio of assets
17 to the pension benefit obligation;

18 (b) The actuarially required contribution rate, after
19 adjusting for the effect of the proposed increase, may not exceed
20 the statutory contribution rate;

21 (c) The actuary shall certify to the board of trustees that
22 the proposed increase will not impair the actuarial soundness of
23 the retirement system;

24 (d) A benefit increase, under this section, once awarded,
25 cannot be reduced in succeeding years;

26 (2) The board of trustees shall review the actuary's
27 recommendation and report and shall, in their discretion,
28 determine if any increase is prudent and, if so, shall determine

1 the amount of increase to be awarded.

2 4. This section does not guarantee an annual increase to
3 any retirant.

4 5. If an inactive member becomes an active member after
5 June 30, 2001, and after a break in service, unless the person
6 earns at least four additional years of creditable service
7 without another break in service, upon retirement the person's
8 retirement allowance shall be calculated separately for each
9 separate period of service ending in a break in service. The
10 retirement allowance shall be the sum of the separate retirement
11 allowances computed for each such period of service using the
12 benefit formula in effect, the person's average final
13 compensation as of the last day of such period of service and the
14 creditable service the person earned during such period of
15 service; provided, however, if the person earns at least four
16 additional years of creditable service without another break in
17 service, all of the person's creditable service prior to and
18 including such service shall be aggregated and, upon retirement,
19 the retirement allowance shall be computed using the benefit
20 formula in effect and the person's average final compensation as
21 of the last day of such period of four or more years and all of
22 the creditable service the person earned prior to and during such
23 period.

24 6. Notwithstanding anything contained in this section to
25 the contrary, the amount of the annual service retirement
26 allowance payable to any retirant pursuant to the provisions of
27 sections 169.270 to 169.400, including any adjustments made
28 pursuant to subsection 3 of this section, shall at all times

1 comply with the provisions and limitations of Section 415 of the
2 Internal Revenue Code of 1986, as amended, and the regulations
3 thereunder, the terms of which are specifically incorporated
4 herein by reference.

5 7. All retirement systems established by the laws of the
6 state of Missouri shall develop a procurement action plan for
7 utilization of minority and women money managers, brokers and
8 investment counselors. Such retirement systems shall report
9 their progress annually to the joint committee on public employee
10 retirement and the governor's minority advocacy commission.

11 169.328. 1. Should a member cease to be a regular
12 employee, except by retirement, the member, if living, shall be
13 paid on demand, made by written notice to the board of trustees,
14 the amount of the person's accumulated contributions (with
15 interest as determined by the board of trustees as provided in
16 sections 169.270 to 169.400) standing to the credit of the
17 person's individual account in the employees' contribution fund.
18 The accumulated contributions with interest shall not be paid to
19 a member so long as the person remains a regular employee or
20 before the member incurs a break in service. If the member dies
21 before retirement such accumulated contributions (with interest)
22 shall be paid to the member's estate or designated beneficiary
23 unless the provisions of subsection 3 of section 169.326 apply.

24 2. If a former unvested member's accumulated contributions
25 have not been withdrawn four years after the person has ceased to
26 be a member (other than by reason of death or retirement), the
27 board of trustees shall pay the same to such former member within
28 a reasonable time after the expiration of such four-year period.

1 3. If, on account of undeliverability, improper mailing or
2 forwarding address, or other similar problem, the board of
3 trustees is unable to refund the accumulated contributions of a
4 former unvested member or to commence payment of retirement
5 benefits within four years after the end of the calendar year in
6 which such former member ceased to be a regular employee, the
7 board may transfer the accumulated contributions to the general
8 reserve fund. If, thereafter, written application is made to the
9 board of trustees for such refund or benefits, the board shall
10 cause the same to be paid from the general reserve fund, but no
11 interest shall be accrued after the end of the fourth year
12 following the end of the calendar year in which such former
13 member ceased to be a regular employee.

14 4. In its discretion the board of trustees may approve
15 extensions of any time periods in this section on account of a
16 former member's military or naval service, academic study or
17 illness.

18 5. Any member or beneficiary who is entitled to receive a
19 distribution that is an eligible rollover distribution, as
20 defined in Section 402(c)(4) of the Internal Revenue Code, may
21 elect to have that distribution transferred directly to another
22 eligible retirement plan, as defined in Section 402(c)(8) of the
23 Internal Revenue Code, designated by the member or beneficiary in
24 accordance with procedures established by the board of trustees.
25 An eligible rollover distribution shall include a distribution to
26 a nonspouse beneficiary that is treated as an eligible rollover
27 distribution under Section 402(c)(11) of the Internal Revenue
28 Code. All such transfers shall be made in compliance with the

1 requirements of Section 401(a) (31) of the Internal Revenue Code
2 and regulations thereunder.

3 476.521. 1. Notwithstanding any provision of chapter 476
4 to the contrary, each person who first becomes a judge on or
5 after January 1, 2011, and continues to be a judge may receive
6 benefits as provided in sections 476.445 to 476.688 subject to
7 the provisions of this section.

8 2. Any person who is at least sixty-seven years of age, has
9 served in this state an aggregate of at least twelve years,
10 continuously or otherwise, as a judge, and ceases to hold office
11 by reason of the expiration of the judge's term, voluntary
12 resignation, or retirement pursuant to the provisions of
13 subsection 2 of section 24 of article V of the Constitution of
14 Missouri may receive benefits as provided in sections 476.515 to
15 476.565. The twelve-year requirement of this subsection may be
16 fulfilled by service as judge in any of the courts covered, or by
17 service in any combination as judge of such courts, totaling an
18 aggregate of twelve years. Any judge who is at least sixty-seven
19 years of age and who has served less than twelve years and is
20 otherwise qualified under sections 476.515 to 476.565 may retire
21 after reaching age sixty-seven, or thereafter, at a reduced
22 retirement compensation in a sum equal to the proportion of the
23 retirement compensation provided in section 476.530 that his or
24 her period of judicial service bears to twelve years.

25 3. Any person who is at least sixty-two years of age or
26 older, has served in this state an aggregate of at least twenty
27 years, continuously or otherwise, as a judge, and ceases to hold
28 office by reason of the expiration of the judge's term, voluntary

1 resignation, or retirement pursuant to the provisions of
2 subsection 2 of section 24 of article V of the Constitution of
3 Missouri may receive benefits as provided in sections 476.515 to
4 476.565. The twenty-year requirement of this subsection may be
5 fulfilled by service as a judge in any of the courts covered, or
6 by service in any combination as judge of such courts, totaling
7 an aggregate of twenty years. Any judge who is at least sixty-
8 two years of age and who has served less than twenty years and is
9 otherwise qualified under sections 476.515 to 476.565 may retire
10 after reaching age sixty-two, at a reduced retirement
11 compensation in a sum equal to the proportion of the retirement
12 compensation provided in section 476.530 that his or her period
13 of judicial service bears to twenty years.

14 4. All judges under this section required by the provisions
15 of section 26 of article V of the Constitution of Missouri to
16 retire at the age of seventy years shall retire upon reaching
17 that age.

18 5. The provisions of sections 104.344, 476.524, and 476.690
19 shall not apply to judges covered by this section.

20 6. A judge shall be required to contribute four percent of
21 the judge's compensation to the retirement system, which shall
22 stand to the judge's credit in his or her individual account with
23 the system, together with investment credits thereon, for
24 purposes of funding retirement benefits payable as provided in
25 sections 476.515 to 476.565, subject to the following provisions:

26 (1) The state of Missouri employer, pursuant to the
27 provisions of 26 U.S.C. section 414(h) (2), shall pick up and pay
28 the contributions that would otherwise be payable by the judge

1 under this section. The contributions so picked up shall be
2 treated as employer contributions for purposes of determining the
3 judge's compensation that is includable in the judge's gross
4 income for federal income tax purposes;

5 (2) Judge contributions picked up by the employer shall be
6 paid from the same source of funds used for the payment of
7 compensation to a judge. A deduction shall be made from each
8 judge's compensation equal to the amount of the judge's
9 contributions picked up by the employer. This deduction,
10 however, shall not reduce the judge's compensation for purposes
11 of computing benefits under the retirement system pursuant to
12 this chapter;

13 (3) Judge contributions so picked up shall be credited to a
14 separate account within the judge's individual account so that
15 the amounts contributed pursuant to this section may be
16 distinguished from the amounts contributed on an after tax basis;

17 (4) The contributions, although designated as employee
18 contributions, are being paid by the employer in lieu of the
19 contributions by the judge. The judge shall not have the option
20 of choosing to receive the contributed amounts directly instead
21 of having them paid by the employer to the retirement system;

22 (5) Interest shall be credited annually on June 30 based on
23 the value in the account as of July 1 of the immediately
24 preceding year at a rate of four percent. Interest credits shall
25 cease upon retirement of the judge;

26 (6) A judge whose employment is terminated may request a
27 refund of his or her contributions and interest credited thereon.
28 If such judge is married at the time of such request, such

1 request shall not be processed without consent from the spouse.
2 A judge is not eligible to request a refund if the judge's
3 retirement benefit is subject to a division of benefit order
4 pursuant to section 104.312. Such refund shall be paid by the
5 system after ninety days from the date of termination of
6 employment or the request, whichever is later and shall include
7 all contributions made to any retirement plan administered by the
8 system and interest credited thereon. A judge may not request a
9 refund after such judge becomes eligible for retirement benefits
10 under sections 476.515 to 476.565. A judge who receives a refund
11 shall forfeit all the judge's service and future rights to
12 receive benefits from the system and shall not be eligible to
13 receive any long term disability benefits; provided that any
14 judge or former judge receiving long term disability benefits
15 shall not be eligible for a refund. If such judge subsequently
16 becomes a judge and works continuously for at least one year, the
17 service previously forfeited shall be restored if the judge
18 returns to the system the amount previously refunded plus
19 interest at a rate established by the board;

20 (7) The beneficiary of any judge who made contributions
21 shall receive a refund upon the judge's death equal to the
22 amount, if any, of such contributions less any retirement
23 benefits received by the judge unless an annuity is payable to a
24 survivor or beneficiary as a result of the judge's death. In
25 that event, the beneficiary of the survivor or beneficiary who
26 received the annuity shall receive a refund upon the survivor's
27 or beneficiary's death equal to the amount, if any, of the
28 judge's contributions less any annuity amounts received by the

1 judge and the survivor or beneficiary.

2 7. The employee contribution rate, the benefits provided
3 under sections 476.515 to 476.565, and any other provision of
4 sections 476.515 to 476.565 with regard to judges covered under
5 this section may be altered, amended, increased, decreased, or
6 repealed, but only with respect to services rendered by the judge
7 after the effective date of such alteration, amendment, increase,
8 decrease, or repeal, or, with respect to interest credits, for
9 periods of time after the effective date of such alteration,
10 amendment, increase, decrease, or repeal.

11 476.527. Any judge who is receiving retirement compensation
12 under section 476.530 who becomes employed on or after January 1,
13 2011, as an employee eligible to participate in the year 2000
14 plan under chapter 104, shall not receive such retirement
15 compensation for any calendar month in which the retired judge is
16 so employed. Any judge who is receiving retirement compensation
17 under section 476.530 who subsequently serves as a judge as
18 defined pursuant to subdivision (4) of subsection 1 of section
19 476.515 shall not receive such retirement compensation for any
20 calendar month in which the retired judge is serving as a judge;
21 except that upon retirement such judge's annuity shall be
22 recalculated to include any additional service or salary accrued
23 based on the judge's subsequent service. A judge who is
24 receiving compensation under section 476.530 may continue to
25 receive such retirement compensation while serving as a senior
26 judge or senior commissioner and shall receive additional credit
27 and salary for such service pursuant to section 476.682.

28 476.529. 1. In lieu of the retirement compensation

1 provided in section 476.530, a judge employed for the first time
2 on or after January 1, 2011, may elect in the judge's application
3 for retirement whether or not to have such judge's annuity
4 reduced, and designate a beneficiary, as provided by the options
5 set forth in this subsection prior to the judge's annuity
6 starting date:

7 Option 1. A judge's annuity shall be reduced to a certain
8 percent of the annuity otherwise payable. Such percent shall be
9 eighty-eight and one half percent adjusted as follows: if the
10 judge's age on the annuity starting date is younger than sixty-
11 seven years, an increase of three-tenths of one percent for each
12 year the judge's age is younger than age sixty-seven years; and
13 if the beneficiary's age is younger than the judge's age on the
14 annuity starting date, a decrease of three-tenths of one percent
15 for each year of age difference; and if the judge's age is
16 younger than the beneficiary's age on the annuity starting date,
17 an increase of three-tenths of one percent for each year of age
18 difference; provided, after all adjustments the option 1 percent
19 cannot exceed ninety-four and one quarter percent. Upon the
20 judge's death, fifty percent of the judge's reduced annuity shall
21 be paid to such beneficiary who was the judge's spouse on the
22 annuity starting date or as otherwise provided by subsection 5 of
23 this section.

24 Option 2. A judge's life annuity shall be reduced to a
25 certain percent of the annuity otherwise payable. Such percent
26 shall be eighty-one percent adjusted as follows: if the judge's
27 age on the annuity starting date is younger than sixty-seven
28 years, an increase of four-tenths of one percent for each year

1 the judge's age is younger than sixty-seven years; and if the
2 beneficiary's age is younger than the judge's age on the annuity
3 starting date, a decrease of five-tenths of one percent for each
4 year of age difference; and if the judge's age is younger than
5 the beneficiary's age on the annuity starting date, an increase
6 of five-tenths of one percent for each year of age difference;
7 provided, after all adjustments the option 2 percent cannot
8 exceed eighty-seven and three quarter percent. Upon the judge's
9 death one hundred percent of the judge's reduced annuity shall be
10 paid to such beneficiary who was the judge's spouse on the
11 annuity starting date or as otherwise provided by subsection 5 of
12 this section.

13 Option 3. A judge's life annuity shall be reduced to
14 ninety-three percent of the annuity otherwise payable. If the
15 judge dies before having received one hundred twenty monthly
16 payments, the reduced annuity shall be continued for the
17 remainder of the one hundred twenty-month period to the judge's
18 designated beneficiary provided that if there is no beneficiary
19 surviving the judge, the present value of the remaining annuity
20 payments shall be paid as provided under subsection 4 of section
21 104.1054 as if the judge was a deceased member under that
22 section. If the beneficiary survives the judge but dies before
23 receiving the remainder of such one hundred twenty monthly
24 payments, the present value of the remaining annuity payments
25 shall be paid as provided under subsection 4 of section 104.1054
26 for a deceased beneficiary under that section.

27 Option 4. A judge's life annuity shall be reduced to
28 eighty-six percent of the annuity otherwise payable. If the

1 judge dies before having received one hundred eighty monthly
2 payments, the reduced annuity shall be continued for the
3 remainder of the one hundred eighty-month period to the judge's
4 designated beneficiary provided that if there is no beneficiary
5 surviving the judge, the present value of the remaining annuity
6 payments shall be paid as provided under subsection 4 of section
7 104.1054 as if the judge was a deceased member under that
8 section. If the beneficiary survives the judge but dies before
9 receiving the remainder of such one hundred twenty monthly
10 payments, the present value of the remaining annuity payments
11 shall be paid as provided under subsection 4 of section 104.1054
12 for a deceased beneficiary under that section.

13 2. If a judge is married as of the annuity starting date,
14 the judge's annuity shall be paid under the provisions of either
15 option 1 or option 2 as set forth in subsection 1 of this
16 section, at the judge's choice, with the spouse as the judge's
17 designated beneficiary unless the spouse consents in writing to
18 the judge electing another available form of payment.

19 3. If a judge has elected at the annuity starting date
20 option 1 or 2 pursuant to this section and if the judge's spouse
21 or eligible former spouse dies after the annuity starting date
22 but before the judge dies, then the judge may cancel the judge's
23 election and return to the unreduced annuity form of payment and
24 annuity amount, effective the first of the month following the
25 date of such spouse's or eligible former spouse's death. If a
26 judge dies prior to notifying the system of the spouse's death,
27 the benefit will not revert to an unreduced annuity and no
28 retroactive payments shall be made.

1 4. If a judge designates a spouse as a beneficiary pursuant
2 to this section and subsequently that marriage ends as a result
3 of a dissolution of marriage, such dissolution shall not affect
4 the option election pursuant to this section and the former
5 spouse shall continue to be eligible to receive survivor benefits
6 upon the death of the judge.

7 5. A judge may make an election under option 1 or 2 after
8 the annuity starting date as described in this section if the
9 judge makes such election within one year from the date of
10 marriage pursuant to any of the following circumstances:

11 (1) The judge elected to receive a life annuity and was not
12 eligible to elect option 1 or 2 on the annuity starting date; or

13 (2) The judge's annuity reverted to a normal or early
14 retirement annuity pursuant to subsection 3 of this section, and
15 the judge remarried.

16 6. A judge may change a judge's election made under this
17 section at any time prior to the system mailing or electronically
18 transferring the first annuity payment to such member.